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The National Advisory Commission on Rural Poverty was charged with the following responsibilities: (1) to make a comprehensive study and appraisal of the current economic situations and trends in American Rural life, (2) to evaluate the means by which existing programs, policies, and activities relating to the economic status and community welfare of rural people may be coordinated, and (3) to develop recommendations for action by local, State, and Federal governments. The commission estimated that in 1965 there were 14 million people living in rural areas of the United States who were unable to purchase out of current income the goods and services needed to provide a reasonable level of living. Approximately 10 million of these lived in nonfarm residences, and 4 million lived on farms. Although the percentage of non-whites who were poor was greater than that of whites, 11 million of the 14 million rural poor were white. The commission also reported that rural America's needs are so complex that no single concept of poverty is universally applicable. (CH)

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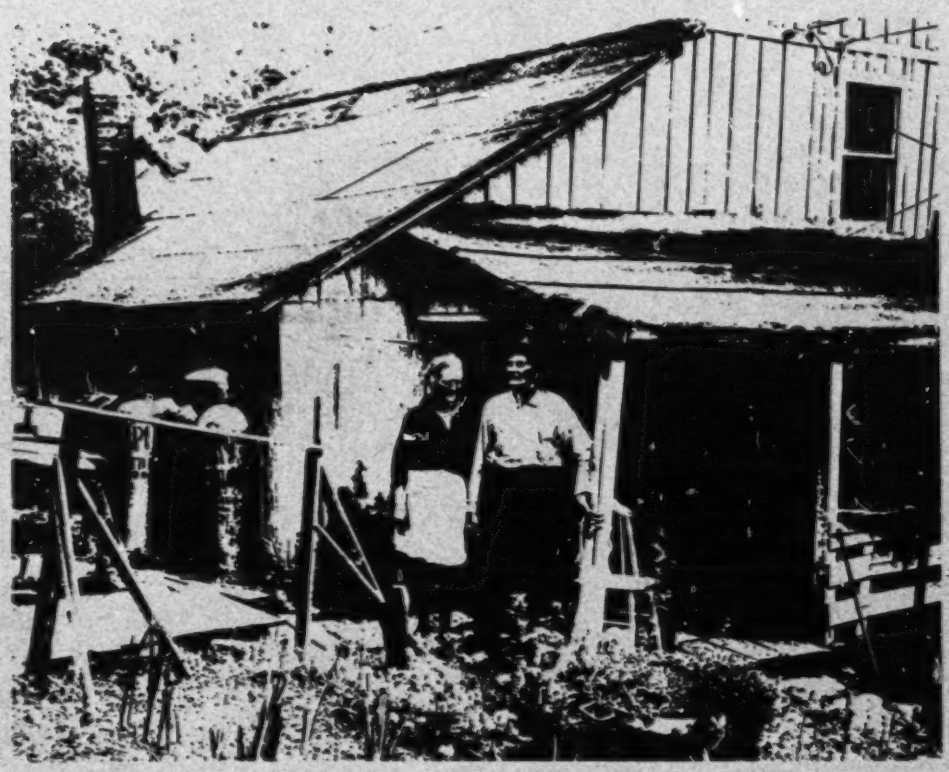
SEMINAR ON MANPOWER POLICY AND PROGRAM



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by C. E. BISHOP

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U. S. DEPARTMENT OF LABOR MANPOWER ADMINISTRATION

- This report is one in a series of proceedings of Seminars on Manpower Policy and Program sponsored by the Manpower Administration. It presents a condensed transcript of the seminar held in Washington, D.C., December 14, 1967.
- The purpose of the seminars is to provide a platform for guest speakers and for members of the Department of Labor and other agencies concerned with manpower problems to discuss issues arising from the development of an active manpower policy.
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SEMINAR ON MANPOWER POLICY AND PROGRAM

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The People Left Behind

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by C. E. BISHOP

U. S. DEPARTMENT OF LABOR
Willard Wirtz, Secretary
MANPOWER ADMINISTRATION
Stanley H. Ruttenberg, Manpower Administrator

OPENING REMARKS

Dr. Howard Rosen, Director
Office of Manpower Research, Manpower Administration

DR. ROSEN: I am very pleased to welcome you to the 36th seminar in a series of Seminars on Manpower Policy and Program that began in April 1964. The seminars are sponsored by the Department of Labor's Manpower Administration to provide an opportunity for invited guests and members of the Department to discuss the issues raised in the *Manpower Report of the President,* and in the development of an active manpower policy. Reports of the seminars are published by the Department in separate pamphlets, and copies may be obtained by writing to the Manpower Administrator.

The subject of today's discussion is based upon a report that will be available to you at the end of the meeting. This report is called *The People Left Behind.*

Dr. Vernon W. Ruttan, who is the chairman of today's seminar, will give us more information about this report. Dr. Ruttan is professor and chairman of the Department of Agricultural Economics at the University of Minnesota. He received his bachelor's degree from Yale and his Ph. D. from the University of Chicago. He has had experience in Washington, D.C., where he was employed in the Council of Economic Advisers. I will not go through his long list of publications of books and articles, but I can assure you that he is a prolific author, an excellent scholar, and a superior chairman

Dr. Ruttan.

Chairman—Dr. Vernon W. Ruttan, Chairman
Department of Agricultural Economics
University of Minnesota

DR. RUTTAN: Thank you, Dr. Rosen. It's a pleasure for me to act as chairman of today's Seminar on Manpower Policy and Program. First of all, I am especially pleased because the program represents explicit recognition of the interrelationship between the well-being of urban and of rural workers' families.

It has been said, with some justification, that the agricultural policies supported by rural people and their representatives reflect an explicit bias in favor of plants, animals, and land, and against people. It might also be asserted with equal validity that the continuation of a labor force classification that uses as its major divisions the two categories, agricultural and nonagricultural, represents an equally indefensible heritage from the past. It represents an implied "no trespassing" sign, a warning that the agricultural labor force is not an appropriate field of academic research and a legitimate concern of public policy. Today's program constitutes a clear recognition that this distinction is no longer valid, from either the perspective of scientific objectivity or that of political expediency.

It is particularly appropriate that your program committee has selected, as this afternoon's speaker, an individual who has made a major contribution to the erosion of the barriers that have impeded an adequate understanding of the problems of rural workers and rural families. He has been concerned with the problems of both migrants from rural areas and those who were left behind, from the time he wrote his Ph. D. thesis at the University of Chicago—a thesis entitled "Underemployment of Labor and Agriculture in the Southeast"—to the publication of his recent book on *Farm Labor in the United States.*

Dr. Bishop is a member of the National Manpower Advisory Committee. He is vice president of the University of North Caro-

lina. He is the president of the American Agricultural Economics Association and Executive Director of the President's National Advisory Commission on Rural Poverty. The title of his presentation is also the title of the report of the Commission on Rural Poverty, *The People Left Behind.*

It is a pleasure for me to introduce Dr. C. E. Bishop.

The People Left Behind

An Address by Dr. C. E. Bishop

DR. BISHOP: Thank you, Dr. Ruttan. Dr. Rosen, ladies and gentlemen. On September 27, 1966, President Johnson issued an Executive order creating the National Advisory Commission on Rural Poverty. He specifically charged this Commission with the following responsibilities:

To make a comprehensive study and appraisal of the current economic situations and trends in American rural life, as they relate to the existence of income and community problems of rural areas, including problems of low income, the status of rural labor, including farm labor, unemployment and underemployment and retraining in usable skills; rural economic development and expanding opportunities; sources of additional rural employment; availability of land and other resources; adequacy of food, nutrition, housing, health, and cultural opportunities for rural families; the condition of children and youth in rural areas and their status in an expanding national economy; the impact of population and demographic changes, including rural migration; adequacy of rural community facilities and services; exploration of new and better means of eliminating the causes which perpetuate rural unemployment and underemployment, low income and poor facilities; and other related matters.

To evaluate the means by which existing programs, policies, and activities relating to the economic status and community welfare of rural people may be coordinated or better directed or redirected to achieve the elimination of underemployment and low income of rural people and to obtain higher levels of community facilities and services.

To develop recommendations for action by local, State, or Federal governments or private enterprise as to the most efficient and promising means of providing opportunities for the rural population to share in America's abundance.

The President requested that the Commission report its findings

and recommendations to him 1 year from the date of the Executive order. The report of the Commission, entitled *The People Left Behind,* was transmitted to the White House September 28, 1967. In my comments today, I shall place emphasis upon the findings of this Commission, and summarize briefly its major recommendations.

No single concept of poverty is universally accepted. To be poor often means to be without hope and low in spirit as well as to possess little wealth and to have low income. While to be poor may mean not to have enough money, we must ask, Enough money for what? Perhaps our main concern is over the large number of people who do not have sufficient income to purchase the goods and services that constitute a reasonable level of living in our society. The amount of income necessary to attain a reasonable level of living varies with many factors, including size and composition of the family, region, and residence. As a basis for estimating the incidence of poverty in the United States, the Commission relied heavily upon the Social Security Administration index of poverty, with modifications for differences in purchasing power among residence groups and regions of the United States.

The Findings of the Commission

The Commission concluded that rural poverty is so widespread and so acute that it is a national disgrace. It estimated that in 1965 there were 14 milion people living in rural areas of the United States who were unable to purchase out of current income the goods and services needed to provide a reasonable level of living. Approximately 10 million of these lived in nonfarm residences, and 4 million lived on farms. Although the percentage of nonwhites who were poor was greater than that of whites, 11 million of the 14 million rural poor were white.

Let me hasten to add that undue significance should not be attached to the estimates of the actual number of poor people living in rural America at present. What is important is that a significant number of people are not sharing in the economic progress of this Nation. Even more important is the need to find out why they are not sharing and what needs to be done in order that they may share.

A widespread debate is taking place throughout the Nation concerning whether, and to what extent, an individual is responsible for his condition. In the early development of this Nation, it was generally assumed that the individual had the power to control his own destiny. Today, more people are prone to question this assumption. They frequently contend that an individual's circumstances are determined more by "the system" than by his own actions. Those who take this point of view argue that the individual does not have the economic, social, or political power to escape from his present circumstances.

Now, it is not possible to determine the extent to which a person's present circumstances are the result of his own actions and the extent to which they are the result of "the system." We do know, however, that in our modern, complex society many forces over which the individual has limited control have an important bearing upon his welfare. Our society is continuously undergoing structural changes. These changes have significant impacts on people; and, while some people can anticipate the changes and benefit from them, others seem unable to make the necessary adjustments.

Let me illustrate briefly the setting. Through research, we continuously develop new technologies. Most of these improvements in technology increase the productivity of capital in relation to that of labor. It, therefore, becomes profitable to use more capital relative to labor in production. But the changes do not end simply with the addition of capital. In the case of farm products, the characteristics of the demand are such that substitution of capital for labor has placed a very heavy burden upon the job market. The greatly expanded use of capital has meant an increase in the size of farms, a decrease in their number, and a sharp decline in the employment of labor in farming. Many of those whose jobs were destroyed by improvements in technology were ill-equipped for employment in other occupations. Many faced the barriers of economic and social discrimination in seeking alternatives. Deprivation and hardship resulted for millions.

The forces sketched above have made a similar impact upon many industries in the United States. The impact has been particularly heavy, however, in the natural resource-based industries—farming, forestry, fishing, and mining. All of these industries are

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located predominantly in the rural areas. Since other jobs have not been created to offset the decline in employment in the natural resource-based industries, technological change has been accompanied by a decline in employment in rural areas.

In order to understand the full impact of these forces on rural areas, we must look beyond the individual firm to the communities. Technological changes have had a very pronounced impact upon the structure of rural communities. The new techniques of production, transportation, and communication have greatly increased the market area served by firms. Consequently, many small, rural, locally based communities have been pulled apart, and their economic functions have been transferred to larger cities. Today many of the economic functions in the rural areas are carried out through a sophisticated network of specialized firms in the cities. One recent report estimated that the effective economic community in the Midwest today is about 100 times as large as such a community was in the early 1900's.[1] As a consequence of the destruction of jobs in farming and other natural resource-based industries, and the transfer of many farm-related jobs from rural communities, economic conditions have become deplorable indeed in many rural communities. In a high proportion of the rural counties of the United States, the number of people currently employed is smaller than it was 20 years ago. Let me emphasize that I am talking about employment—not population.

The dismal outlook for employment in rural areas caused millions of people to migrate to the cities. Many others who chose to remain in their rural residences now commute to the cities for employment. Both groups have been exposed to urban styles of living. As a result, the differences in want patterns of urban and rural people have largely disappeared. People in the rural areas now demand essentially the same goods and services as the residents of urban and metropolitan areas. However, at the same time that the people are demanding more and better services, many local governments are less able to provide even the basic services. In many counties, the tax base is static, while in others it is declining.

[1] Karl A. Fox, "Change and Interest Adjustments: A Metamorphosis of Rural America" (Ames, Iowa: Department of Economics, Iowa State University, April 1967). Paper prepared for the Conference on Implications of Structural and Market Changes on Farm Management and Marketing Research.

There has been less change in local government structures than in economic and social structures. There is, therefore, a widespread failure on the part of local governments to prepare people for living in the modern economy. It can be seen in the schools, libraries, and health facilities—in practically all services provided by local governments. Evidence of failure also can be seen in the churches. In short, we are failing terribly at preparing rural people for living in the modern economy.

It is my judgment that without a change in public policy this condition will get worse before it gets better in much of the United States. For this reason, it is important that plans to combat poverty emphasize the processes of development and adjustment and not the current situation. Unless we understand the processes of development, we shall be unable to anticipate the kinds of changes that are likely to occur in the future and to make the adjustments necessary to take advantage of these changes.

In the introduction to this seminar, Dr. Ruttan urged that we forget the old rural-urban dichotomy. In the modern economic and social structure, this dichotomy is not very meaningful. There are numerous links between the rural and the urban. Product markets cannot be separated into rural and urban components. Neither can factor markets be clearly dichotomized into rural and urban. One of the most significant links is in the job market. It is evidenced through occupational and geographic mobility. During the decade of the 1940's, average net migration from farms was about 1.3 million persons per year. During the 1950's it was about 1 million per year, and at the present time it is running around 750,000 per year.

Let me emphasize that I am not talking about the movement of people from the small communities. I am talking about changes in residence of farm people. The rural nonfarm population is not decreasing as is the farm population. In fact, the rural population as a whole has been stable for about 20 years. Even so, the natural increase has gone to the urban areas, and there has been considerable relocation within the rural nonfarm population. An increasing proportion has moved to the suburbs and to towns near the cities.

The migration from the farms to the cities of America represents one of the most massive migrations of human resources ever

recorded. But it went on unassisted, undirected, and largely unnoticed until recent years, when it exploded in our faces with a vengeance. Those who fled to the cities became frustrated as their hopes for a better life turned into hopelessness. This hopelessness intensified as migration continued and as structural changes began to make an impact that we had not anticipated upon the central cities.

In the last few years there has been increasing evidence of a change in the role of the central city in our society. At the same time that we were experiencing large-scale migration into the central cities, an increasing share of the additions to employment in manufacturing was occurring in the suburbs and the smaller cities. In the central cities employment opportunities are growing most rapidly in the professions. Well-trained and highly skilled manpower is needed. But the vast majority of those moving from rural areas to the central cities have little formal education and few skills. They seek employment in unskilled and semiskilled occupations, in which relatively few jobs are available. What has emerged is a terrible mismatching of human skills and employment opportunities in the central cities. Many of the people who moved to the cities because they could not find satisfactory employment in the rural areas are still seeking such employment. Many have become disillusioned and frustrated.

There is a basic difference, however, between poverty in the central cities and in the rural areas. Here is the picture today. In the central cities the poor are concentrated. They are organized. They have a clearly defined leadership structure. They are vocal. They are making their wants known, and they are getting assistance. In contrast, the rural poor are widely separated. They are unorganized. They have no identifiable leadership. They are not vocal, and they are receiving little assistance. The low-income whites are the most unorganized, unnoticed group in our society. This group is participating least of all in current poverty programs.

The National Advisory Commission on Rural Poverty questions whether attempting to fight poverty primarily through a "gilding of the ghettos" is not a self-defeating policy. Assume, for the moment, that we are successful in improving conditions in the larger central cities and that urban problems begin to disappear.

Let me hasten to say that this is a big assumption. But, assuming that we are able to do this, what will happen? Immediately, we will create a vacuum into which we will suck untold millions of people from the areas beyond the central cities. In the process, we will complicate the very problems we are trying to solve.

Of even greater concern to the Commission were other possible consequences of concentrating assistance to the poor in the central cities. Through such a policy, the Nation, in effect, is telling the people outside the metropolitan centers that, if they want assistance, they have to be better organized. They must also use more dramatic means of making their wants known. This is a tragic message to send across the Nation. It could have tragic consequences. If we are to avoid such consequences, we must develop programs that are equally effective for all of the needy, regardless of residence.

Now let me say a word about some of our present programs. You might ask whether the farm price support programs were not supposed to take care of the rural poor. The answer to that one is clearly "No." The legislation creating the price support programs suggested that they would help the low-income poor in farming. It is now generally known, however, that their benefits are distributed largely in proportion to the size of the production unit. Two research reports prepared especially for the Commission indicate quite clearly that a very high proportion of the benefits from farm price support programs goes to the operators of large farms. Moreover, these programs were set up at a time when the welfare of rural communities was more closely correlated with incomes of farmers, and the incomes of farm families were more closely correlated with the prices of farm commodities, than is the case today.

Any conceivable price policy for commercial agriculture, within the range of acceptability to taxpayers, would contribute very little to solving the poverty problem in rural areas.

You might ask about public housing programs. Such programs have been used primarily in the cities. Although the Farmers Home Administration has a program that is operative in towns of less than 5,500 population, the program is very small in scale, and it is a stretch of the imagination to view it as a serious anti-poverty program. If we continue to invest in housing only at the

current rate under this program, we will never solve the housing problems of the rural poor.

While our social programs were designed specifically to meet the needs of the poor, they are in need of substantial revision. In some programs, such as Federal Old-Age, Survivors, Disability, and Health Insurance (OASDHI), a high percentage of any increases in benefits goes to the nonpoor rather than to the poor. In other programs, we have developed conditions for qualification that make it impractical for the needy to participate. Moreover, in many programs the actual level of assistance is determined by the States, and the variation in benefits among States is extreme. For example, benefits under the Aid to Families with Dependent Children (AFDC) program are four times as high in some States as in others. In most States aid to dependent children is not provided if the husband is in the household. Under such circumstances, it is extremely costly for a low-income family to have an unemployed father in the household. This fact probably has contributed to the more than eightfold increase over the past 25 years in the number of children receiving aid to dependent children in families in which the father is not known to be dead but is absent from the household.

In the case of the food stamp program, the cutoff point is at a much higher income level for families in some States than in others. Furthermore, some of these programs are controlled by unsympathetic local governments. Although financing is largely from Federal funds, local governments must request the program and share in the administrative costs. As a result, some of the most needy counties choose not to participate.

In some programs, such as AFDC and OASDHI, we impose heavy penalties upon those who choose to work. In most States, public assistance payments are decreased $1 for each dollar earned. Such a high penalty obviously destroys incentives to work and perpetuates poverty.

Let me illustrate some of the bad characteristics of the AFDC and school lunch programs by testimony from a lady appearing before the Commission in Memphis. This lady was unemployed. After several years of assistance from the AFDC, she enrolled in a job-training course. Upon completion of that course, she was ad-

vised to take a second and different course. After graduation, she obtained employment. In the process, she had given up any claim to AFDC assistance. But after only 3 weeks of work, the plant released her when it experienced a sharp decline in orders. This left her without income, but with children in need who were too proud to admit that they could not pay for what they needed. When questioned about participation in the school lunch program, she replied:

> My son, right now, he is going to school and he can get free lunches, but he don't want them because he feels that his playmates are going to say that he has to accept free lunches. . . . I tell him "you get free lunches, eat them, or don't eat all day." He won't go in there and get a free lunch because he is thinking about what his little buddies may say. Children are like that . . .

Unquestionably, this family had been heavily penalized for trying to emerge from the welfare rolls and to earn a better living. Such heavy penalties obviously discourage labor force participation and perpetuate heavy dependence upon the welfare programs.

Our manpower programs have had limited effectiveness outside the major cities. We have made no real effort to guide the relocation of people in this country. Assistance in interstate migration has been minimal at best. The massive exodus of people from farms to the cities was without counseling or guidance. Most employment security programs have been based on the philosophy of finding jobs and employment at the local level, a policy of "taking care of our own." We have not used the imagination that we might have in developing a nationwide, unified manpower program.

Our economic development programs are spotty and problem centered, without regard to economic opportunity. Most of the regional development commissions have been established for areas that are regarded as having acute problems. This problem-centered approach has meant that in some cases we have delineated regions and economic development areas that have very little potential for economic development. The people living in many of these areas are destined for disappointment.

In spite of the weaknesses of many of our current programs, the picture is not entirely gloomy. The Commission found a mixture of rising hopes and shattered expectations among those testifying before it. Among the most hopeful were the American

Indians. There was a general feeling among this group that at long last society was seriously concerned about their plight and was making an honest effort to provide equality of opportunity for them. However, there was evidence that, for many people, expectations had been elevated far beyond what it was possible to achieve. Frustration and restlessness have resulted. In some instances, deep and dangerous fissures have developed in society.

Militancy is strongest among Negroes in the central cities. However, restlessness is beginning to develop among the low-income whites. Apathy is particularly noticeable among Negroes in the rural areas. The challenge now is to develop programs that are sensitive to the needs of the people and that will provide reasonable opportunities for improvement in the conditions of the poor.

The poor have four basic wants. They are: (1) personal respect, (2) social justice, (3) economic opportunity, and (4) political representation. In our efforts to develop programs to meet the needs of the people, we must keep these wants clearly in mind.

The Recommendations of the Commission

In the development of recommendations, the Commission gave consideration both to the problems of the rural poor and to those of improverished rural communities. The immediate needs of the rural poor were emphasized, but the necessity for changing conditions that have made them poor was given even greater emphasis. The complexity of the problems of rural poverty precludes the success of a single program or approach. Programs emphasizing immediate needs will not change the conditions creating and perpetuating rural poverty. On the other hand, programs designed to change the deeply rooted conditions will take time and will not bring immediate assistance to those in dire need. The recommendations offered by the Commission complement and reinforce one another. Taken together, they should go a long way toward removing rural poverty. Considered and implemented independently, they will be of little avail.

The Commission placed emphasis upon creating an environment that will enable all people to have opportunities consistent with their economic potential. It recommended that the United States design and put into effect a national policy to give residents of

rural America equality of opportunity with all other citizens. This should include equal access to jobs, medical care, housing, education, welfare, and all other public services without regard to race, religion, or place of residence.

The second major category of recommendations concerns income support and maintenance. It was the view of the Commission that every effort should be made to provide employment opportunities for those who are able to work. While the Commission emphasized the importance of private enterprise in providing employment, it recognized that private enterprise may not be able to provide employment for all who are willing and able to work at the established minimum wages. The Commission also recognized that there are many opportunities for expanding employment in the public sector. It recommended, therefore, that the Federal Government stand ready to provide jobs at the national minimum wage to every person willing and able to work.

Individuals who cannot earn an income large enough to lift them above poverty must be provided with assistance from public resources. It was the view of the Commission that most people prefer assistance in cash to assistance in kind. Cash benefits provide the recipients with freedom to choose what they will consume. Such benefits, therefore, place more responsibility upon the recipients than do benefits in kind.

The Commission was concerned over the extreme variation among States and counties within States in the benefits provided under income support programs. In order to correct some of the basic weaknesses in current programs, the Commission recommended that public welfare programs be operated in accordance with a nationwide needs standard, and that the Federal Government provide the funds required to meet this standard and to cover the costs of certification in the programs. The Commission proposed that, in order to encourage labor force participation, public assistance recipients be permitted to earn a base amount without reduction in benefits, and that thereafter benefits be reduced by not more than 50 cents per dollar increase in earnings. A change of this magnitude in the benefits schedule would encourage participants to earn as much of their living as they can.

The Commission recommended that special subsidy programs similar to the food stamp program be extended in principle to

housing and health care. Coupons that are negotiable for purchase of special commodities would be sold to program participants. The price of the coupons would vary directly with the income of the participants. Program participants, therefore, would automatically be phased out as their incomes increased.

The third major category of recommendations concerns resource development. Special emphasis was placed upon the development of recreation and water resources, particularly near areas experiencing rapid growth in the demand for such resources.

The Commission recommended that family planning information and services be provided throughout the Nation. In order to assure more nearly equitable education opportunities for citizens in rural areas, it proposed that universal nursery and kindergarten programs be established and that compensatory education programs be extended into the elementary and secondary schools. Special occupation preparatory programs, including work-study and work-experience programs, should be initiated in all schools. Testing and counseling programs should also be extended to all schools. These programs in occupational preparation should be coordinated with the Federal-State Employment Service system.

There also is a great need for counseling and assistance with respect to occupational and geographic mobility. Many people who move from rural areas in search of better employment opportunities incur losses as a result. On the other hand, many youth enter farming only to learn that their earning potential is much greater in nonfarm occupations. Wise counseling and assistance can help to reduce the social waste associated with bad occupational and locational decisions.

The consequences of extreme variations in growth patterns among regions and of unguided migration are becoming increasingly apparent. The Commission felt that the piecemeal, fractionated planning programs of the present will not suffice. Therefore, it recommended the creation of developmental regions throughout the United States, with each region made up of conterminal multicounty area development districts. Each district should be delineated in such a way that it contains a developmental center, or it should receive a commitment from the Government to provide the funds necessary to develop the infrastructure for such a center. Federal grants and loans should be provided to the development

districts and regions for planning purposes. In addition, special subsidies should be provided to districts and regions that develop and carry out effective planning programs. The use of industrial subsidies by local governments should be discouraged, but the Federal Government should be asked to liberalize investment tax credits and depreciation schedules for firms locating or expanding in area development districts that include redevelopment districts. Programs should be developed to provide access to health, education, and manpower services for the people living throughout the area development districts.

The Commission recommended that a program of relocation assistance to help guide migration be established in the U.S. Department of Labor, and that assistance be provided for workers who cannot find gainful employment where they now live but for whom jobs and training opportunities can be located in other job market areas. The greatest need for this program should be in providing for intercounty, within-State mobility. Public subsidization of the development of growth centers and assistance in relocation to those centers should greatly decrease long-distance migration in the United States. Concentrating public investment in the development of the infrastructure and of housing in the growth centers, providing incentives for industrial development, and assisting people to relocate in areas experiencing growth can overcome many of the evils of long-distance migration.

The Commission emphasized that poverty problems in this country will not be solved until we have removed the conditions creating poverty. Appropriation of a limited amount of money to help those currently in need certainly will not provide the solution. A piecemeal approach is doomed to failure. Even a coordinated attack, such as the course the Commission recommended, will not bring immediate abolition of rural poverty. The implementation of a coordinated program focusing upon the conditions that generate poverty can remove the blight in a reasonable period of time.

DISCUSSION PERIOD

DR. RUTTAN: Thank you, Dr. Bishop. We will now open the program to questions from the floor.

FROM THE FLOOR: Are the resources we are devoting to helping the poor in rural areas in proportion to the expenditures we are making in large cities?

DR. BISHOP: No, they are not. I don't remember the exact figures, but data in the Commission's report indicate the proportions of certain antipoverty program funds that go to metropolitan and to rural areas.

FROM THE FLOOR: Would you elaborate on your proposals for migration policy? What kind of a policy would you suggest and how would you control it? Would you also discuss the idea of conducting resource studies and developing regional growth centers?

DR. BISHOP: There is increasing evidence that the migration process is not working well. One study of occupational mobility of individuals covered by Social Security from 1957 to 1963 yielded some interesting results.[2] Let me make myself clear. This study was concerned with shifts in employment of people who were working in farm employment one year and in a nonfarm industry the next, or the reverse. The focus was upon changes in employment, not changes in residence. This study showed that most of those who switched from farm to nonfarm employment did not change residence. Secondly, those over 45 years of age who tried to switch from farm to nonfarm employment almost invariably lost money in doing so.

Keep in mind that we are talking about the period 1957 to 1963 when the country was in a recession. There was considerable back movement during this period. The back movement—the people

[2] Dale E. Hathaway and Brian B. Perkins, "Occupational Mobility and Migration from Agriculture," *Rural Poverty in the United States* (Washington: President's National Advisory Commission on Rural Poverty, 1968).

who transferred from nonfarm employment back to farm employment—was about 90 percent of the outmovement. Even with efficient migration, we could have a flow of labor from nonfarm to farm employment, but the fact that a high proportion of those who transferred from farm to nonfarm employment did not reap financial gains from this transfer leads us to believe that the mobility process involves substantial social waste.

We have done little to guide occupational and geographic shifts. We ought to view human resources problems in the following way. If we have money to expend in the development of human resources, we can spend it in several ways. We can provide people with general education. We can provide them with vocational education. We can help them to change jobs. We can help them to change both residence and jobs. Traditionally, we have refused to view the last two as productive investments. In fact, only recently have we begun to view education as a productive investment.

From an economic standpoint, we are spending our money wisely when we get an equal return on expenditures in each use at the margin—that is, when the last dollar of expenditure gives us the same return in general education, vocational education, helping people to change occupation, or helping them change residence and occupation. Unfortunately, we do not have many studies to give us insights into the gains received from mobility. However, two studies attempt to estimate the gains from mobility on private account, and for one study the Commission could estimate the social gains over a short period of time. Both studies covered projects in North Carolina. One was concerned with the migration of people into the Greensboro, Winston-Salem, and High Point area. The other concerned a project sponsored by the Department of Labor. It was an evaluation of an attempt to move people from the eastern part of North Carolina into the Piedmont, breaking the normal pattern of migration from the coastal plains section of North Carolina to the northeast. Both studies showed that the return on the investment made in providing relocation assistance was greater than 100 percent during the first year after relocation. During that year people, on private account, increased their incomes more than enough to offset the costs of migration and changing occupation.

I don't have any very recent estimates of the return we are getting from investments in elementary and secondary education and vocational training. The last estimate that I saw went something like this: About 30 to 35 percent from investment in elementary education, about 14 to 17 percent from secondary education, and about 11 to 14 percent from college education or vocational training. So, if we are receiving an 11-percent return from vocational education and can get a 100-percent return from helping people to change residence and occupation, it seems to me we are misallocating our funds for human resource development.

This is the rationale the Commission used in deciding that we should have a national mobility policy. We did not believe that we had enough information about what might constitute a desirable pattern of distribution of employment and population to make intelligent judgments on this. Our Commission felt very strongly, however, that there was no justification for assisting people to relocate in New York, Detroit, Chicago, or other large metropolitan centers. It took the position that we should start by trying to find employment for people near their residences. But if reasonable employment was not available without relocation, assistance should be provided to encourage the individual to relocate to accept a job certified by the Employment Service, which would operate the program. The objective of the relocation assistance program would be to rationalize migration, not to increase it. The program could, in fact, lead to a reduction in migration from rural areas.

DR. RUTTAN: The second question dealt with the regional commissions.

FROM THE FLOOR: Growth centers.

DR. BISHOP: The Commission would like to see the entire Nation delineated into development regions with a regional commission established for each of these regions. Within each region, there would be a system of multicounty area development districts. Each district would contain a growth center or would be assured of sufficient public support to create a growth center. Many of our counties are too small to serve as effective bases for economic planning. Let's plan on a reasonable basis, grouping counties where appropriate and grouping States where appropriate for planning purposes. The Commission would like to see a pilot program of

providing incentives for growth in the growth centers within the development districts. The Government could experiment with certain kinds of tax writeoffs to try to stimulate growth in the districts.

There is very little meaningful research on the problems of geographical distribution of employment and population. We are only now beginning to face up to this question and should go far enough to experiment a bit to see what we can do in guiding growth through sound planning and in guiding the movement of people to growth centers.

FROM THE FLOOR: The report recommends that provisions of the Fair Labor Standards Act and the Taft-Hartley Act be extended to agricultural workers, who are now excluded from full coverage. How would wiping out these exclusions affect farm income?

DR. BISHOP: We recommended such an extension. When we apply an institutionalized wage to a part of the labor force and exclude the rest, we damage those who are excluded. Such a policy victimizes the poor. The Commission argued, therefore, that if we are going to have a national minimum wage with overtime pay provisions, it should apply across the board. Why do we exempt some people?

FROM THE FLOOR: Did the Commission feel that this extension would have a rationalizing effect on the labor force, including agricultural workers, and on the skill structure?

DR. BISHOP: The question, as I understand it, is whether the application of the minimum wage to agriculture would increase the earnings of farm labor. I would have to say probably so, for those who are employed, but definitely not for those who are released. Our Commission was told emphatically that a large number of people would be released in some agricultural areas—and specifically the Mississippi Delta—as a result of applying wage-hour provisions to agricultural labor. What has happened since bears this out. I think that we must be on guard against taking action to benefit some people and, in the process, damaging others. When we exempt certain groups of people, we do damage them.

FROM THE FLOOR: What would happen if agricultural workers organized unions and bargained collectively? We would no longer have an excess labor force in agriculture, and workers would be

paid rates arrived at through collective bargaining. These rates would be much closer to wages paid in other occupations.

DR. BISHOP: We recognized that the Taft-Hartley law does not apply, and we felt it should. This would strengthen the ability of agricultural labor to organize and result in an increase in the earnings of those who could keep jobs in agriculture. I agree with your analysis as far as you go. I am simply saying that we are not willing to stop there. We also must be concerned about those who are going to be released as a result of higher wages. We said that, if the Government chooses to follow a policy that is going to cause some people to be released, then the Government should accept some of the responsibility for what its policies do to those people and provide employment for them at the national minimum wage.

FROM THE FLOOR: I want to call attention to some of the figures on migration you quoted from a study of persons covered by Social Security. I doubt that this study covers a long enough period to determine a permanent backflow. I think some of the 90 percent backflow you mentioned is merely a phenomenon that we know occurs in both agriculture and nonagricultural work—of people who have more than one type of job in the course of a year or two. They are still in the process of making a permanent occupational change. Both net and gross migration figures show tremendous shifts of people from low-income to higher income areas. I think the statistics you are using bear closer interpretation than they have been given so far. If we can carry this study through—as we can with the 1-percent samples that will be available in the next few years—we will be able to substantiate either the 90-percent figure or my impression that the backflow is not this large.

DR. BISHOP: I am pleased that you raised this question because it reminds me of something I left out. I should have said that many of those who transfer from nonfarm back to farm employment do not stay in farming. I do not remember the figure, but a substantial percentage return to nonfarm employment at a later date.

Let me emphasize that the Hathaway-Perkins study covered the period from 1957 to 1963. Its major focus was upon changes in employment, not changes in residence. There is no implication that changes in employment are permanent. In fact, the data

suggest that, for many people, at least the initial changes are quite temporary.

FROM THE FLOOR: On what basis would you delineate regions over the country? Would the basis be functional, so that there would be one kind of region for economic development and another for watershed purposes?

DR. BISHOP: I would prefer to delineate areas and regions on a functional economic basis, oriented toward economic development. Others would disagree with me.

In order to illustrate the complexity of current planning procedures, we selected a community in Kentucky and asked what kinds of Federal or State assistance it might hope to obtain for development. We listed the kinds of assistance that might be available under present programs and then looked up the offices to which we would go to seek this assistance. There were more than 400 such offices. Most could say "No," but none could say "Yes," because one could get "Yes" only from Washington. That was a bit frustrating to us. We do not see how we are ever going to have intelligent planning as long as this situation prevails.

FROM THE FLOOR: Would you elaborate on your concept of growth centers? That seems to be an area of considerable controversy. I am particularly concerned about growth centers that might be developed in such areas as the Great Plains or Rocky Mountain regions.

DR. RUTTAN: I think the question concerns especially those regions with a low population density.

DR. BISHOP: Mr. Chairman, you have done considerable work in this area. Would you care to answer the question?

DR. RUTTAN: I have one perspective, and I would like to get Dr. Bishop's response to this. We have had a concept that the way to help rural people is to provide employment in or near their homes. This has been largely a resource development or industrial location perspective. I think we have to face the fact that many rural resources are redundant and that many rural areas simply have no growth potential. This raises another question that I would like Dr. Bishop to answer. Should we attempt to reinforce the present location pattern or should we attempt to restructure the settlement pattern in rural areas, so that it is consistent with

the pattern of technology in agriculture and in the other resource industries?

DR. BISHOP: When we start talking about location of people, our viewpoints become polarized. We go to one extreme or the other. One group tends to think in terms of keeping everyone down on the farm—keeping them where they are and moving back all we can. Others think in terms of everyone living in a metropolis and draw bleak projections of the year 2000 when we all will be living in three cities. Both views are absurd. As is true in so many cases, we live in the broad area between these two extremes.

What Dr. Ruttan is saying—and I agree with him wholeheartedly—is that space has cost and space has value in our society. There is a spatial equilibrium for each state of the arts. When the state of the arts changes, the optimal distribution of people and economic activity changes. What the optimal distribution is now and what it will be in the future are empirical questions that I cannot answer because I don't have the research or the insight to do that.

But I will say again that we do not want to think only in terms of these two extremes. We do not want to think only in terms of helping industry to relocate or helping labor to relocate. Both should be considered. In some rural areas communities have been pulled apart and only a shell remains—a shell that has no economic base. It has no tax base. The capacity of these communities to provide public services is very, very low, and I don't see any real hope of improving it. We should view this situation realistically. A functional economic area probably can be defined as one within an hour and a half's driving distance from a growth center. Now how much of the Nation has within this distance growth centers that look as though they may be viable in the long run? One research study suggested that if job market areas were delineated on the basis of an hour and a half of driving, a very large share of the territory east of the Mississippi would be encompassed. West of the Mississippi, of course, the picture is entirely different.

FROM THE FLOOR: Did you give any attention to the possible use of a defense installation as the nucleus of a growth center? Many of these installations are located in rural areas and are sometimes closed, with serious economic consequences to the areas affected.

DR. BISHOP: Yes we did. We considered the distribution of Government expenditure and its employment-generating effects. We recommended that a division of Government be assigned responsibility for keeping track of the effects of monetary and fiscal policies on various regions, industries, and population groups.

FROM THE FLOOR: Did your Commission recommend any new health services for the rural poor?

DR. BISHOP: We found a great deal of evidence of the deplorable health facilities and programs in rural areas. It will not be easy, however, to improve these services greatly. Increasingly, graduates of medical schools are becoming specialists rather than serving as general practitioners. As a specialist looks at the demand for his services, he is not likely to want to locate in a rural area. The Commission recommends steps to encourage group practice, to provide incentives for mobile units, and to rely more on helicopters to transport people from isolated areas for medical care.

DR. RUTTAN: I want to ask if the Commission report did not come 20 years too late? A substantial number of the 14 million people in rural poverty cannot be affected by job market policy. Only 2 or 3 million are potential members of the labor force. Employment is growing at more than a million a year. Isn't it a relatively small job for our economy to absorb the underemployed rural workers who are potentially employable today in contrast to the magnitude of the problem 20 years ago?

DR. BISHOP: Yes. But that doesn't mean that the report is 20 years too late. It just means we ought to get on with the job. I think you are right in converting the 14-million figure into substantially fewer potential employees. We are talking about 4 to 5 million potential workers, including both the unemployed and the sizable number of underemployed in rural areas. But the fact that we have only 14 million rural poor today in contrast with perhaps 25 million 20 years ago merely means that the problem ought to be easier to solve.

FROM THE FLOOR: I have two questions. One, did you strongly recommend reorganization of rural government? Two, to what extent did you discuss the race problem?

DR. BISHOP: We recognized the need to plan and to extend government responsibility over broader geographic areas than present

local government units and recommended a league of municipalities and a league of counties.

Discrimination was recognized as one of our most important and complex problems, not only in rural America, but also in the cities. On racial discrimination and equal opportunity for rural people, the Commission recommended:

That Title VII of the Civil Rights Act of 1964 be amended to cover all labor unions and employers regardless of size, including State and local governments. It is further recommended that the enforcement powers of the Equal Employment Opportunities Commission be extended to include cease-and-desist authority for the purpose of enforcing compliance with equal employment opportunity laws, where necessary.

We made a similar recommendation with respect to housing. We felt that finding jobs for people does not do any good unless you have housing for them, and providing housing without jobs is even worse.

DR. ROSEN: I notice an interesting omission from the Commission's report. You know, vocational education has been under considerable criticism because of its heavy emphasis on vocational agriculture. Vocational educators have answered that they teach agribusiness. They think they have answered all criticism. Yet the Commission did not discuss in depth, at least in its report, the whole issue of vocational education, other than the fact that young people are being trained for jobs that don't exist.

DR. BISHOP: You are correct in saying that there is no specific reference in the education chapter to vocational agriculture education. We decided to take a positive approach and say we should update vocational education programs. We should orient them toward the jobs that do exist, giving agricultural education its due weight. We should also coordinate vocational programs with Employment Service programs, so that we will know that we are training people for jobs that exist and can be expected to exist in the years ahead.

DR. RUTTAN: As I interpret Dr. Bishop's statement, it reflects an opinion that in the past it has not paid to run head-on into the vocational agriculture lobby.

FROM THE FLOOR: Now that the Commission has made its recommendations, how can we make the general public aware of the

problems of rural communities so that they will be willing to work through their taxes to support the programs outlined?

DR. BISHOP: The educational job is immense. People ask, "What would happen if we cut out the poverty programs and conducted a referendum to determine whether or not we should have them?" I rather suspect that they would be voted down overwhelmingly.

FROM THE FLOOR: I agree with you that the poverty programs as such would be voted down. But what are government, the academic world, and knowledgeable people in the country doing to sell these programs?

DR. BISHOP: The universities and other institutions are becoming more active in leading discussions of the problems of the poor and the changes needed to cope with them. In addition, some very encouraging things are happening in industry. At a conference here in Washington this week the president of one of our largest firms said that his company is employing people who were considered submarginal to the labor force and providing jobs for them after a very short period of training. I believe that at present American business and the public generally are more aware of the problems of the poor than they were in the past.

FROM THE FLOOR: We in the Department of Agriculture are interested in the background papers that the Commission authorized. What are the plans for publishing them?

DR. BISHOP: About 50 technical papers were prepared for the Commission on various facets of rural poverty. Some of these papers will be published in a volume entitled *Rural Poverty in the United States.* This volume will contain five parts, dealing with rural people and rural communities, particularly in regard to problems of structural change and community relationships; mobility and migration; health and family planning; agriculture and natural resources; and the economics of poverty. Copies will be distributed by the Department of Agriculture and by the Government Printing Office.

DR. RUTTAN: Are there other questions? If not, I will turn the session back to Dr. Rosen of the Department of Labor.

DR. ROSEN: I want to thank our two participants and, particularly, Dr. Bishop. I want to say that he has served for many years on the Subcommittee on Manpower Research for the Manpower Administration, so we knew in advance that when he went to work

with the Commission, we would have a first-rate report. I think this afternoon's performance proves that again.

Thank you very much.

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